



Housing Initiative Fund

EMERGENCY HOUSING REHABILITATION PROGRAM

I. Background

The Frederick County Emergency Housing Rehabilitation Program (Rehab Program) was established in the 1980's by reprogramming funds obtained from the Community Development Block Grant Program (CDBG). The funds were originally used in the Knoxville area to improve water and septic problems. The Maryland Department of Housing and Community Development later authorized the use of program funds as a revolving loan fund to make emergency repairs countywide due to the increasing need for low-income homeowners to bring their dwelling units up to a minimum standard of health and safety.

II. Responsible Agency

The Department of Housing and Community Development, Citizens Services Division (Department) shall administer the Rehab Program.

III. Funding

The Rehab Program is part of the Affordable Housing Initiative Fund and maintained as a separate line item in a segregated account. Repayments of previously awarded rehab loans will be deposited into the program account and revolved for future use.

IV. Definitions

A. Eligible Types of Housing

Eligible properties include owner-occupied existing homes in Frederick County, outside of Frederick City limits, but including other municipalities. Unit types include single family, townhouses, detached or semi-detached homes, condominium units, and modular or manufactured homes with the State seal of approval for code compliance.

B. Eligible Households

An eligible household must:

1. have a total gross income at or below 50% of the Washington MSA median family income limit established by the U.S. Department of Housing and Urban Development, adjusted for household size and automatically adjusted annually when the income limits are published in the Federal Register; other eligibility criteria as established by the Maryland Housing Rehabilitation Program (MHRP) of the Maryland Department of Housing and Community Development;
2. occupy the property as primary residence; and
3. have ownership of the property in fee simple. Property must be titled as sole ownership, tenants by the entireties, joint tenancy, or a life estate. For ownership under a life estate all individuals with an interest in the property must sign the Mortgage and the Note.

C. Eligible Rehab Program Uses

Eligible uses are for emergency items in eminent need of repair. Uses include replacement, installation or repair of heating systems; upgrade of electrical systems to code; plumbing repair, upgrade or replacement to code; installation or repair of septic system and/or wells, roof repair or replacement; and modifications to improve the accessibility of dwelling units as a reasonable accommodation for persons with disabilities, handicaps or with documented medical reasons.

V. Process

A. Application

1. Households apply at the Frederick County Department of Housing and Community Development.
2. Applications are processed on a first come first serve basis. Processing includes income eligibility verification, and requests for credit reports and title searches.
3. A site visit and work write up shall be performed by the Department.
4. If the application meets all criteria and funding is available, the Director of the Department will approve the application to proceed through the process.
5. Bids shall be solicited and awarded by the Department following the County Procurement Policy.
6. Following the bid award, settlement is conducted between the homeowner and the Department to secure the loan and sign the mortgage documents.
7. Following settlement, the homeowner and contractor meeting takes place to review the scope of work and sign the General Contract.

8. Work is performed by the Contractor in accordance with Work Write-up, an attachment to the General Contract
9. Payment shall be issued to the Contractor based on the terms outlined in the General Contract.
10. Department shall inspect and monitor the progress of the Contractor's work
11. At completion, a final inspection is performed at which time all parties (contractor, homeowner, and Department) agree work is complete and satisfactory by signing the Final Inspection Form.

B. Loan Amount

The total loan amount is determined by the scope of work based on the work write-up and agreed upon in the General Contract. Included in the loan is the cost of a title search and credit check. The maximum loan amount shall not exceed \$15,000. Loans are -0- percent interest and deferred.

C. Documentation of Security/Repayment

After approval of the application, the Department shall prepare and record appropriate mortgage or lien documents (lien documents) in the land records to secure repayment to the BOCC. The lien documents shall be recorded after the loan settlement takes place. The lien documents require repayment upon the earlier of the sale, refinance or transfer of title to the property.

VI. Miscellaneous

A. Continued Verification

The Department shall periodically review the outstanding rehab loans to verify continued compliance with the program requirements.

B. Review of Director's Decision

An applicant dissatisfied with a decision of the Director of the Department may file a written request for review within ten days of notice of the decision. The Director of Citizens Services Division will conduct the review.